# PERSonnel UPDATES

#### The Newsletter for Authorized Agents & Personnel/Payroll Officers

Editor: Rebecca Fricke

September 2002 Volume 10, Issue 4 Special Edition

**Program Initiative** 

Important USERRA Update

NDPERS 400 E Broadway Ave Suite 505 Bismarck ND 58501 Telephone (701) 328-3900 www.discovernd.com/ndpers

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

#### **Events/Mailings**

# FLEXCOMP PROGRAM, LIFE AND VOLUNTARY INSURANCE PLANS ANNUAL ENROLLMENT INFORMATION - 2003 PLAN YEAR

The annual enrollment for the FlexComp Program, life, dental, long term care and the new vision plan, will begin October 1 through November 15, 2002. In an attempt to promote the availability of the long term care plan, NDPERS is including information concerning the long term care plan in this year's annual enrollment kit even though enrollment in the plan can occur at any time. Coverage is effective January 1, 2003 for participation in the FlexComp program and the dental and vision plans. The coverage effective date for life insurance and long term care is based upon approval by the carrier.

The FlexComp Program is available to eligible employees of state agencies and participating district health units, excluding the university system. All voluntary insurance plans are available to eligible employees of state agencies and the university system. At this time employees of counties, cities, schools, or district health units are not eligible to participate in the voluntary insurance plans. To be eligible the employee must be at least 18 years of age, work at least 17 ½ hours per week for five (5) or more months a year, and be in a regularly funded position that is not of limited duration.

Enrollment information for the FlexComp Program, dental plan, vision plan, life insurance and long term care insurance will be sent to each eligible

employee's home address. The mailing is scheduled for the week of September 23, 2002.

Active employees will be directed to obtain enrollment forms from their payroll office or download the form from the PERS website. Plan information and forms will be available after October 1<sup>st</sup> on our website at <a href="https://www.discovernd/ndpers">www.discovernd/ndpers</a>. Select "Insurance Plans" on the menu for benefit information and the "Employer Information" section to obtain forms.

Many of the materials have been updated; therefore, you will need to order your supply of forms, dental and vision plan handbooks, identification cards, and long term care kits by the end of September by using the NDPERS Forms Request available at our website. PLEASE DESTROY ALL OLD FORMS.

Our office will be conducting informational meetings throughout the state to cover plan benefits for the dental, vision and long term care plans. NDPERS will send e-mails concerning the annual enrollment information and meeting schedule to each agency's authorized agent to distribute to employees. Enrollment information and meeting schedules can also be found on the PERS website. Active employees and retirees are invited to attend at any of the meeting locations.

## Life & Voluntary Insurance Plans 2003 Plan Year Annual Enrollment Information – State Employees Including the University System

ReliaStar (ING) has revised the current dental enrollment form; therefore, you need to destroy your old supply when requesting new

enrollment forms. As a reminder. you need to provide a dental and vision plan handbook and identification card to each new enrollee. Please be sure to use the most current Group Life Insurance Application (49061b (05-01)) and Evidence of Insurability (47228ND) which appear on the bottom left hand corner of the enrollment forms. Old forms will not be accepted. Active employees must file their completed forms through their payroll office. Incomplete ING Group Life Insurance Applications and Evidence of Insurability forms will be returned to the payroll office along with a notice requesting the missing information.

PERS will be conducting training meetings beginning in late September for authorized agents/payroll personnel. You are strongly encouraged to attend one of these meetings. Multiple meetings will be held in Bismarck, Fargo, Grand Forks, Minot, Williston and Dickinson. We are in the process of finalizing the meeting agenda. Topics include vision plan coverage and administration (payroll), the wellness benefit program, USERRA, EGTRRA, proposed legislation for the 2003 session, and what's in store for our health insurance plan for the 2003-2005 biennium.

#### FlexComp 2003 Plan Year Annual Enrollment Information – State Employees and Participating District Health Units (Excludes the University System)

NDPERS will be implementing an Electronic Document Management System (EDMS) for the 2003 Plan Year. The new imaging technology will eliminate the need for FlexComp records to be retained at PERS as paper records.

Employees are being instructed in the enrollment materials to make a copy of the election form for their records and return the original to NDPERS by November 15. If payroll should receive agreements, please forward them to PERS as soon as possible.

For those agencies **ON** the Central **Payroll System**, PERS will input the election to decline pre-taxing the employee supplemental life insurance

premium from Section B and the spending account information from Sections C & D.

PERS will scan the election agreements as they are entered and send the originals to the agency to input any payroll deducted insurance premiums that the employee specifies to pretax in Section B of the agreement. The original election agreement will be retained by the agency. Agencies can input insurance premiums after supplemental payroll has been run on December 10, 2002. If an employee is having an eligible insurance premium payroll deducted pre-tax and they do not complete an election agreement, the code must be changed to an after-tax deduction for the new plan year.

Those agencies **NOT ON** the Central **Payroll System**, PERS will scan the election agreements as they are entered and send the originals to the agency to set up the complete record for each participant. The original election agreement will be retained by the agency.

Employees who do not complete an election agreement will automatically:

1) Have their employee supplemental life insurance premium up to the first \$50,000 of coverage payroll deducted pre-tax. (To decline this action, the employee must complete an election agreement and sign in Section B.), 2) Waive participation in the Medical and/or Dependent Care Reimbursement accounts, and 3) Have other eligible payroll deducted insurance premiums deducted on an after tax basis.

If you have any questions regarding the Annual Enrollment for the FlexComp 2003 Plan Year, please contact Sharon at 1-800-803-7377 or (701) 328-3910.

\*\*\*\*\*\*\*\*\*\*

#### <u>NEW WELLNESS BENEFIT</u> <u>PROGRAM INITIATIVE</u>

Since 1994, NDPERS and BCBSND have had a Wellness Benefit Program available to state agencies and participating political subdivisions in the group health plan. The program provides monetary assistance to employers

that initiate and conduct on-site wellness programs with the goal to create healthier lifestyles for their employees and to help contain health care costs.

The NDPERS Board conducted an evaluation of the program and concluded that a more proactive approach should be implemented in order to encourage more employers to conduct on-site wellness programs. The Wellness Committee developed a list of recommendations for the board's review. Upon review of the recommendations, the Board approved the 10K-A-Day program. The 10K stands for 10,000 steps a day. The program is a complete walking incentive campaign. We plan to roll this program out later this fall. It will be available to state agencies and political subdivisions that participate in the group health plan. More details about this program and how your agency/department can participate will be forthcoming in your next PERSonnel Updates scheduled to be distributed sometime in mid-October. So please be watching!

#### **Important Update**

### ATTORNEY GENERAL'S OPINION RECEIVED REGARDING USERRA

\*

In the October 2001 edition of this newsletter, NDPERS provided information about reservists being called into active duty following the events of September 11<sup>th</sup>. At that time, PERS had requested an opinion from the Attorney General's office to review and determine the applicable requirements for the PERS benefit programs under the Uniformed Services Employment and Re-employment Rights Act (USERRA). Specifically, we requested clarification regarding the employer payment of retirement contributions. We had a previous opinion on this subject; however, we requested this new opinion to determine if changes in federal legislation had occurred that would change the conclusions in the previous opinion. NDPERS recently received the opinion from the Attorney General regarding our request. The complete opinion is

available for your review on the PERS website under either the News or Employer Information sections at www.discovernd.com/ndpers.

## USERRA's Impact on the Defined Benefit & Defined Contribution Retirement Plans

The opinion confirmed that an employer can only pay the employer portion of the retirement contributions in a lump sum on behalf of a reservist called into active duty. The reservist is required to pay the employee contribution in order to receive the service credit. However, there were some conflicts between USERRA and our existing laws that the opinion pointed out. USERRA takes precedence and PERS will be submitting legislation to correct our laws during the next session. The areas noted in the opinion are:

- The opinion clarifies that the 1) salary to be used in determining the cost to receive the credit should be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary can not be determined, then the opinion states that the employee's average rate of compensation during the 12-month period immediately proceeding their call to active duty should be used.
- 2) The timeframe for the reservist to pay the required contribution to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not purchase during this timeframe, then USERRA no longer applies. The reservist would have to pay an actuarial cost to receive the credit.
- 3) If a reservist chooses to make installment payments to the plan to purchase the service, the plan can not charge interest on the unpaid balance.

If the reservist is interested in receiving the service credit, PERS requires a photocopy of their DD214 or NGB22 Discharge form as verification. Also, the Purchase Agreement For USERRA Covered Military Active Duty SFN 17758 form will need to be completed by the reservist and his/her present employer. This form has recently been revised to provide updated purchase provision information based on the Attorney General's Opinion and is available on the PERS website under the Retirement Plans section. Upon receipt of this paperwork, PERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist. If the reservist chooses to purchase the service and begins payment, PERS will send a billing to the present employer for the required employer contributions. These contributions must be paid by the employer in a lump sum.

## USERRA's Impact on the 457 Deferred Compensation Plan

The Attorney General's opinion also confirmed that employers are required to allow returning employees to make up any elective deferrals the employees would have been allowed to make to the state's Internal Revenue Code section 457 deferred compensation plan had the member remained continuously employed. The opinion verified that if an employee makes a lump sum contribution to the deferred compensation account to make up any amounts missed as a result of the military service, the member will retroactively vest in the employer contribution under the Portability Enhancement Provision (PEP) pursuant to NDCC §54-52-11.1. The member's retroactive vesting would, by necessity, depend on the employee and employer contributions to the defined benefit plan actually being made.

The member may, but is not required to, make a lump sum contribution. The timeframe to make up the missed contributions is the same as that for the retirement plans in number two (2) above. The amount a member is eligible to make up is based on the amount the member was contributing prior to the

call for active duty multiplied times the number of pay periods the member was in the uniformed services. All contributions to the Code Section 457 deferred compensation plan must be made on a pretax basis through automatic payroll deductions.

To make up contributions, the reservist must provide a photocopy of the DD214 or NGB22 discharge form as verification. This form must be submitted with a completed Participant Agreement for Salary Reduction, SFN 3803.

If you have an employee that was called into active duty and has since returned, please be sure to notify them of this information as soon as possible. If you or any of your employees have questions regarding regaining service in their retirement plan for USERRA covered military duty, please refer them to Rebecca at (701) 328-3911 for assistance. If questions are regarding the 457 Deferred Compensation Plan, they should be directed to Diane Heck at (701) 328-3908.

\*

Look forward to receiving the next regularly scheduled PERSonnel Updates @ October 15<sup>th</sup>.

DON'T FORGET!
File this issue behind the
PERSonnel Newsletter Updates
tab in your INSIDE NDPERS
Handbook.